

## Message Text

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11

ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 AID-05 CEA-01 CIAE-00 COME-00

EB-07 EA-07 FRB-03 INR-07 IO-13 NSAE-00 USIA-06

OPIC-03 SP-02 TRSE-00 CIEP-01 LAB-04 SIL-01 OMB-01

L-03 DODE-00 PM-04 H-02 NSC-05 PA-01 PRS-01 SS-15

/115 W

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R 291635Z APR 76

FM AMEMBASSY MADRID

TO SECSTATE WASHDC 5536

INFO AMEMBASSY TEL AVIV

C O N F I D E N T I A L MADRID 3370

DEPT PASS OECD CAPITALS

E.O.11652: GDS

TAGS: ETRD, EGEN, PFOR, OECD, XF, IS, SP

SUBJECT: ARAB BOYCOTT DEVELOPMENTS

REF: STATE 96935

1. INsofar AS THE EMBASSY CAN ASCERTAIN THE ARAB  
BOYCOTT POLICY HAS HAD NO IMPACT IN SPAIN. THE GOS  
HAS NOT EXERTED ANY PRESSURE ON BEHALF OF OR AGAINST  
COMPLIANCE WITH THE BOYCOTT, AND THERE ARE NO ANTI-  
TRUST OR OTHER LAWS WHICH WOULD PREVENT PRIVATE  
COMPANIES FROM COMPLYING WITH THE BOYCOTT. NOR ARE  
WE AWARE OF ANY ANTI-BOYCOTT ACTIVITIES BY PRIVATE GROUPS  
SPAINS, PREFERENTIAL TRADE AGREEMENT WITH  
THE EEC PREDATES THE ARAB BOYCOTT POLICY AND THUS  
DOES NOT DEAL WITH PROBLEM.

2. WE KNOW OF NO INSTANCE WHERE BUSINESS HAS BEEN  
DIVERTED FROM US TO SPANISH OR OTHER THIRD COUNTRY  
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FIRMS BECAUSE OF BOYCOTT POLICY AND LOCAL COMMERCIAL

SOURCES ARE ALSO UNAWARE OF ANY INSTANCES.

3. TOTAL TRADE BETWEEN SPAIN AND ISRAEL HAS INCREASED OVER THE PAST TWO YEARS. ALTHOUGH AGGREGATE TRADE TOTALLED ONLY 41 AND 45 MILLIONS RESPECTIVELY IN 1974 AND 1975 AND CONSTITUTED A VERY SMALL PART OF TOTAL SPANISH FOREIGN TRADE. TRADE HAS SEEMINGLY NOT BEEN AFFECTED AND WE KNOW OF NO ISRAELI ACTIONS ON BEHALF OF POTENTIAL INVESTORS OR LICENSEES, AREAS IN WHICH THERE IS LITTLE APPARENT ISRAELI INTEREST.

4. SPAIN DOES NOT MAINTAIN DIPLOMATIC RELATIONS WITH ISRAEL, BOTH NATIONS HAVE SAID THAT RELATIONS WILL BE ESTABLISHED AT AN OPPORTUNE MOMENT. THE EXISTANCE OF FORMAL RELATIONS COULD LOGICALLY LEAD TO A MORE ACTIVE SPANISH POLICY IN OPPOSITION TO THE ARAB BOYCOTT. HOWEVER THE TRADITIONAL SPANISH POLICY OF MAINTAINING CLOSE RELATIONS WITH THE ARAB STATES AND HEAVY SPANISH RELIANCE ON ARAB PETROLEUM MILITATE AGAINST SUCH A CHANGE AND WE ARE CONFIDENT THAT THE GOS WILL MUCH PREFER TO CONTINUE TO IGNORE THE WHOLE MATTER.  
STABLER

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** POLICIES, ECONOMIC CONDITIONS, BOYCOTTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 29 APR 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** coburnhl  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976MADRID03370  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Film Number:** D760166-0224  
**From:** MADRID  
**Handling Restrictions:** n/a  
**Image Path:**  
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**Legacy Key:** link1976/newtext/t1976048/aaaaagdr.tel  
**Line Count:** 83  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION NEA  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** 76 STATE 96935  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** coburnhl  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 05 MAY 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <05 MAY 2004 by SmithRJ>; APPROVED <07 SEP 2004 by coburnhl>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** ARAB BOYCOTT DEVELOPMENTS  
**TAGS:** ETRD, EGEN, PFOR, XF, IS, SP, OECD  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006